British Journal of Management, Vol. 16, S65–S79 (2005)
DOI: 10.1111/j.1467-8551.2005.00448.x

Accountability and Creating Accountability: a Framework for Exploring Behavioural Perspectives of Corporate Governance

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What is board accountability, and how is such accountability created? This response to Roberts, McNulty and Stiles suggests a framework for exploring behavioural perspectives of boards and corporate governance. The contribution of this framework is to develop a terminology that may help us accumulate knowledge and provide directions for a research agenda. The consistent use of a terminology, the accumulation of knowledge and an accepted research agenda among a core group of scholar are some of the first steps in developing a promising research field with considerable potential to create actionable knowledge. The framework can help us sort some of the research, concepts and anecdotes that have been presented in efforts to open the black box of board research.

Research on corporate governance is now taking various directions, and new streams of boards and governance research are evolving. The article 'Beyond Agency Conceptions of the Work of Non-executive Directors: Creating Accountability', by Roberts, McNulty and Stiles (this issue) may contribute as one of the building blocks in developing a research stream on exploring behavioural perspectives of boards.

Roberts, McNulty and Stiles explore various aspects of the board accountability concept, and they make an important distinction between accountability and that of creating accountability. The stories of experienced UK directors are the empirical basis of the study. The authors of the article 'challenge[s] the dominant grip of agency theory on governance research and support the search for theoretical pluralism and greater understanding of board processes and dynamics'. Their contributions are in line with the calls made by, for example, Daily, Dalton and Cannella (2003) and Pettigrew through a number of publications (e.g. Pettigrew, 1992; Pettigrew and McNulty, 1995).

Corporate governance research has, since the beginning of the 1990s been dominated by a US research tradition with a focus on protecting the investors' stakes. Roberts, McNulty and Stiles go beyond these agency conceptions of the work of the non-executive directors to define accountability. Board accountability is related to value creation (Cadbury, 1992; Taylor, 2001). Roberts, McNulty and Stiles use a pluralistic approach to board accountability, and agency theory is supplemented with other board role theories in defining board role expectations. However, there is a gap between board role expectations and actual board task performance. I perceive that the essence of Roberts, McNulty and Stiles's article is that creating accountability is about bridging the gap between board role expectations and actual board task performance. They argue that researchers need to open the black box of actual board behaviour to contribute to the creation of accountability.

This article is centred around the creating accountability framework presented in Figure 1. Core notions are board role expectations, board task performance, actors, context, interactions and influencing processes, formal and informal structures and norms and board decision-making culture. Accountability is discussed as board role expectations. These expectations are reflected in various board role theories. These are summarized in Table 1.

Concepts and relationships in a commonly accepted framework are needed to accumulate knowledge. The input-output model between the 'usual suspects' (Finkelstein and Mooney, 2003) and corporate financial performance has been such a framework. The usual suspects are the number of board members, the insider/outsider ratio, CEO duality and directors' shareholding. The input-output model has been driving board and governance research for almost two decades. Roberts, McNulty and Stiles show us that there is now a need for an expanded and alternative framework. Figure 1 represents an attempt to present such an extended framework. In this article, I position the work of Roberts, McNulty and Stiles in relation to this framework.

The rest of the article follows in four sections. I will first give an overview of the framework, which is evolutionary, and uses a contingency approach. In the second section, board role theories and board role expectation are presented. The emphasis on various board roles has changed over time, and board roles are categorized depending on dominant perspectives and focus. In this section, the Roberts, McNulty and Stiles article is positioned in the present corporate governance discussion, and the discussion exemplifies how corporate governance definitions and board accountability are influenced by the stakes and power of various actors. This involves a pluralistic approach to board role theories. In the third section, I present behavioural perspectives of boards and governance. Here, I will link Roberts, McNulty and Stiles's discussions about creating accountability to concepts and relationship observed in other studies of actual board behaviour. Summaries, methodological reflections and research implications are found in the final section.

A framework for exploring behavioural perspectives of boards and corporate governance

Roberts, McNulty and Stiles's criticism of mainstream board research follows earlier voices (Daily, Dalton and Cannella, 2003; Finkelstein and Mooney, 2003; Johnson, Daily and Ellstrand, 1996; Pettigrew, 1992). During the end of the 1980s and the 1990s, most research on boards and corporate governance had a US-inspired deductive approach, driven by the 'publish or perish' syndrome that is dominating the US academic community (Huse and Gabrielsson, 2004). Doctoral students and scholars in tenure track positions have preferred research using easily available data and methods that can be evaluated by journal reviewers through well-established validity concepts. The usual board measures employed in these studies, that most often are archival-data based, are CEO duality, insider/outsider ratio, the number of board members and the directors' share ownership (Finkelstein and Mooney, 2003; Johnson, Daily and Ellstrand, 1996). Actual board behaviour is not explored in these studies, even though some of them use proxies for actual board behaviour. Fewer than one out of eight of the empirical board articles published in the leading scientific management journal is about actual board behaviour (Huse and Gabrielsson, 2004).

When combining the explorations in the Roberts, McNulty and Stiles study with some of the most seminal board review articles, we get a framework for studying actual board behaviour. The framework consists of four areas: (a) splitting the link between board composition and corporate financial performance in intermediate steps through mid-range theories (Zahra and Pearce, 1989); (b) using a pluralistic approach to board role theories (Johnson, Daily and Ellstrand, 1996; Zahra and Pearce, 1989); (c) applying theories from group and cognitive psychology to understand board decision-making culture (Forbes and Milliken, 1999); and (d) understanding the board in an open interacting system with various influence and power relations among internal and external actors (Pettigrew, 1992). The framework is presented in Figure 1.

The framework integrates three sets of theories: general theories, board role theories and

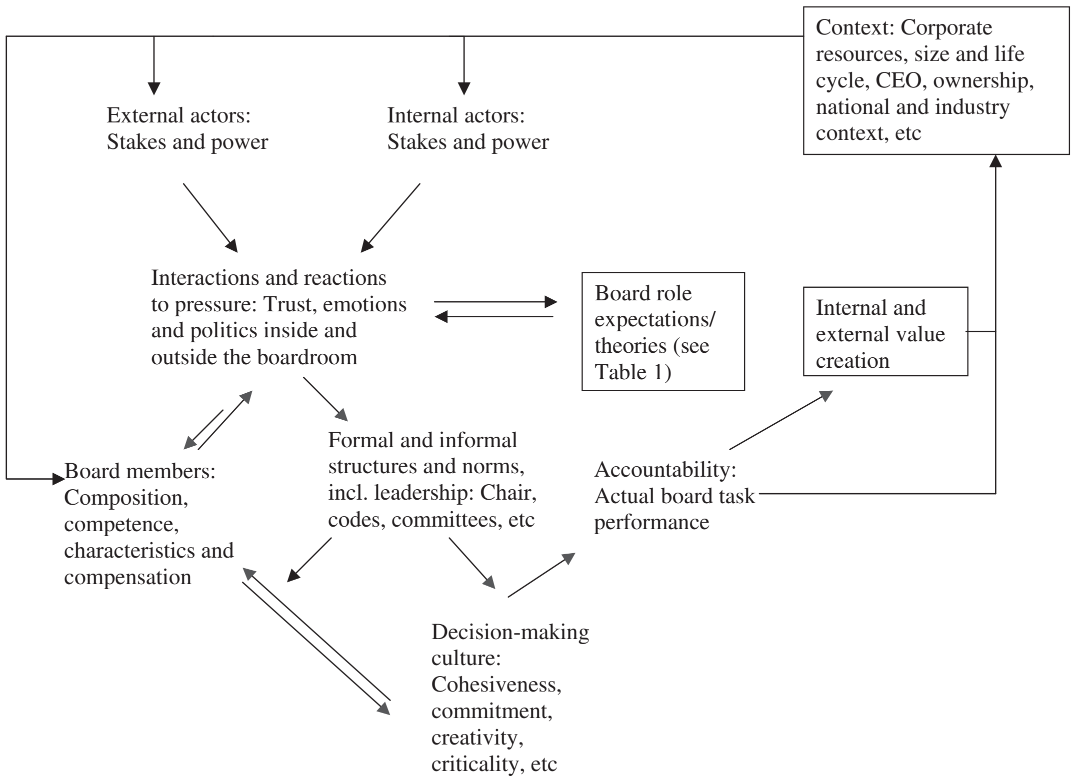

Figure 1. Creating accountability: An agenda for black box research on boards – understanding actual board behaviour

process-related theories. The general theories in the framework are contingency theory (Lawrence and Lorsch, 1967) and evolutionary theories (Nelson and Winter, 1982). Contingency theory arguments will be that there is not one best design of corporate governance, but various designs are not equally good. Corporate governance designs will need to consider the context and the actors. The evolutionary perspective is indicated through various learning loops. These may be at individual, group, organizational, and societal levels. The contingency and evolutionary approaches will be introduced in this section.

The second set of theories is board role theories. Agency theory and resource dependence theory have been the dominant board role theories during recent decades, but various other board role theories exist. Board role theories are in Roberts, McNulty and Stiles's frames linked to board role expectations and thus also to define accountability. Accountability and board role theories are presented in the second section.

The third set of theories is the board process theories. This is where Roberts, McNulty and Stiles's creating-accountability notions are positioned. The theories are grouped in three subcategories, and they are the theories that help us understand actual board behaviour or behavioural perspectives of boards and corporate governance. The first sub-category helps us explain the nature of the interactions taking place in the corporate governance arena. Trust and emotions are included, as well as explanations of how actors are adjusting to various kinds of pressures and influencing forces. The second sub-category includes theories that explain the evolution, existence and consequences of formal and informal structures and norms, including board leadership characteristics. The third sub-category includes the theories explaining the board decision-making culture, including cognitive conflicts, preparation and involvement, generosity and openness, creativity, critical questioning and so on. Within the framework, a corporation is defined as sets of relationships and resources. The purpose of a corporation is to create value. The process theories and the process of creating accountability are presented in the third section.

A contingency approach

The framework includes the use of a contingency approach. It may be argued, based on contingency theory, that there is not one best way of designing a corporate governance system or a board for accountability. Contexts and actors must be considered, and the balancing of perspectives from various actors may define board role expectations and thus also board composition. Research on corporate governance and boards of directors has used various contextual elements as moderating or as predicting variables, but few empirical articles published in mainstream management journals have systematically used a contingency approach. A major flaw is that most articles use samples with large US corporations, and limited attention is thus given to boards in other national contexts (Aguilera and Jackson, 2003), small and medium-sized companies (Huse, 2000) and firms in various life-cycle phases, including young firms (Lynall, Golden and Hillman, 2003).

The contextual factors mostly used in corporate governance research are (Huse, forthcoming):

- national, geographical and cultural differences;
- the industry and the industrial environment of the corporation;
- ownership dispersion and types;
- firm size;
- life-cycle variations, including the importance of crises and the configuration of corporate resources;
- CEO tenure, attributes and background.

The list is not exhaustive, and there are discussions about which factors should be regarded as contextual variables, as design parameters and as resources. Both design parameters and resources may be influenced by earlier board decisions and behaviour, and thus they show some of the dynamism in the framework. Ownership dispersion and ownership types are examples of design parameters, and even CEO attributes and industry may be results of earlier board and governance decisions. Corporate resources are also results of earlier corporate and board decisions and behaviour, and corporate life-cycle attributes are often related to resources. The dynamism linked to approaching these concepts at three levels, as resources, context and design parameters, should get more attention in future research.

The actors are the second element focused on in contingency perspectives. The actors have various attributes, perspectives, stakes and power. Corporate governance definitions most often identify the shareholders, the management and the board members as the main actors, but several other actors should also be included (Cadbury, 1992; Monks and Minow, 2004). Who the most important and powerful actors are, and their attributes, heavily depends on the context and the underlying political dynamics (Aguilera and Jackson, 2003; Gedaljovik and Shapiro, 1998; Huse, 1998a; Mitchell, Agle and Wood, 1997). There may be various configurations and alliances of actors, but for modelling reasons three groups are displayed in the framework: internal actors, external actors and the board members. Internal actors are generally considered to be the top-management team, which includes the employees and their families. Shareholders and other financial capital providers, customers, suppliers and societal stakeholders are most often considered to be external actors. However, we may find many situations, for example in family businesses, where shareholders could be defined as internal actors and the management or the employees as external. We will also find situations where, for example, some shareholders or some managers should be considered as external, and others as internal.

The third group of actors is the board members. The choice of directors is most often a result of the interaction among the various actors. Board members may be described by composition, competence, characteristics and compensation. Board composition refers to the number of board members and the configuration of competence and characteristics among them. The insider/outsider ratio is the usual configuration measure (Dalton *et al.*, 1998), but various diversity measures are also used. Measures of board competence include the directors' general, functional, firm-specific and board-specific knowledge and skills. Relational, social and intellectual capacity or capability may also be included as competence. The board capital concept (Hillman and Dalziel, 2003) is close to board competence. Characteristics may be attributed to formal background, age, tenure, seniority, gender, race, individual behaviour, esteem, influence, independence, integrity and so on (Huse and Schøning, 2004; Westphal and Milton, 2000). Director compensation refers to their incentives and motivations for becoming, and working as, board members. These may be extrinsic as well as intrinsic. The directors' shareholding is the measure most often used (Kosnik, 1990), but professional standards and awareness of legal responsibilities are also found to be of particular importance (Hermalin and Weisbach, 1991; Huse, 1993a).

An evolutionary approach

The dynamism of actual board behaviour and corporate governance is rooted in various learning and influencing loops (Sundaramurthy and Lewis, 2003). This evolutionary perspective is illustrated in Figure 1 through the arrows. The learning processes take place at various levels: societal and institutional, organizational, group and individual. The evolution at a societal level is illustrated through the changing awareness, concepts and rules of corporate governance in society (Gomez, 2005; Pye, 2003; Useem 1993). Institutional learning also takes place through social networks mimetic processes at internal levels (Galaskiewicz and Wasserman, 1989; Westphal, Seidel and Steward, 2001). The evolutionary perspective may also be illustrated through contextual changes resulting from the performance of the corporation. Several studies have shown, for example, that there is a negative relationship between prior performance and the overall board involvement (e.g. Johnson, Hoskisson and Hitt, 1993; Judge and Zeithaml, 1992). Literature about behavioural and group learning (Cyert and March, 1963) and dynamic capabilities (Eisenhardt and Martin, 2000) may also contribute to the exploration of the evolutionary processes in the organizational and in the board (Shen, 2003; Sundaramurthy and Lewis, 2003; Westphal and Zajac, 2001). Lastly, individual learning will contribute to evolution. The learning perspective is hardly used in corporate governance research, and the integration of learning theories may be an important direction in future research about boards and governance.

What is accountability? Perspectives on corporate governance and board roles

The fiduciary duty of directors under most legislations is to do what is best for the company (Monks and Minow, 2004). This is also the starting point for understanding accountability in the boardroom. Roberts, McNulty and Stiles use Giddens' (1984, p. 30) definition of accountability as a starting point: '[T]o be accountable for one's activities is to explicate the reasons for them and to supply the normative grounds whereby they may be justified'. Roberts, McNulty and Stiles thus present a pluralistic accountability definition in relation to balancing various external and internal perspectives, various board roles and various theories.

External perspectives on accountability and board roles

Any definition of corporate governance will be biased (Monks and Minow, 2004), and most theories of governance have been efforts to explain existing phenomena from practice (Gomez, forthcoming). Roberts, McNulty and Stiles criticize the one-dimensional investor-based definitions that have dominated much of the recent public discussions and research from financial economics perspectives. These definitions have their origin in the separation of ownership and leadership discussion in the early 1930s (Berle and Means, 1932), and agency theory was developed to explain solutions to this separation dilemma (Fama and Jensen, 1983; Jensen and Meckling, 1976). From this perspective, investors have been principals, and the firms or their management, including the boards, have been the agents.

In the USA, the investors' need for boards to monitor management to avoid managerial misbehaviour and opportunism was clearly evidenced in the 1980s. Several examples then existed of how corporate managers used their power to circumvent shareholders' interest and allowed themselves skyrocketing wage increases and various other perks, such as company jets. The market reactions to managerial opportunism and incompetence were, in theory, hostile takeovers, but in the 1980s, the markets for corporate control were circumvented through various anti-takeover defences as shark repellents, poison pills, greenmail, white knights and so on (Davis, 1991; Monks and Minow, 2004). This was the background for a first wave of shareholder activism. It was lead by major US long-term institutional investors. Guided by agency theory, they wanted boards and board members that were sufficiently independent to resist managerial dominance or hegemony (Fama and Jensen, 1983; Jensen and Meckling, 1976), and the boards should create value for shareholders through value creation in the firm. In this period, the main corporate governance emphasis was on how owners could monitor or control managerial misbehaviour. Corporate governance suggestions following this wave were to separate the positions of the chairperson and the CEO, and to have a majority of independent directors. In order to avoid too much influence from board members with close ties to the CEOs, emphasis was also placed on the role of independent board committees.

A second wave of shareholder activism followed the rapid changes in the new economy, the trends of globalization with disappearance of geographical distances and the development of information technology. Large corporations were listed on stock exchanges around the world, corporate ownership became increasingly global, and owners became faceless and impatient. Attention to market prices and quarterly earnings replaced the attention to dividends. Impatient and faceless owners, their portfolio managers and stock exchanges advocated corporate governance reforms and practices with roots in agency theory and the financial markets. The codes included, in practice, accountability to shareholders only, increased transparency and managerial incentives aligned with shareholders' interests. Managers became residual claimants through shares or stock options. Main board roles returned from behavioural control to output control in financial markets.

An alternative trend in corporate governance got considerable wind in the sails as a result of the large corporate scandals (Child and Rodriguez, 2003; Kochan, 2003). The crises in Enron, WorldCom, Tyco and the like clearly showed the importance of stakeholders other than the shareholders. Employees, customers, suppliers and local societies suffered severe losses because of managers driven by the possibilities of creating personal wealth through dramatic increases in the market prices of their shares (Kochan, 2003). The crises also exemplified negative global consequences of faceless investors (Child and Rodriguez, 2003). A broader perspective of corporate governance was reintroduced and corporations were reminded of their corporate and social responsibility (CSR). Suggestions to meet the problems included CSR reporting and the introduction of various stakeholder representatives on boards (Boeker and Goodstein, 1991; Huse and Rindova, 2001; Kochan, 2003).

Gradually, some groups of shareholders and investors became unhappy with the codes and concepts introduced by the previous waves of shareholder activism. Among these shareholders we find industrial owners, blockholders, corporate owners, private investors and other owners who want to contribute to value creation through their own contribution in the boards of the corporations. Most firms, and in particular small and medium-sized enterprises, are dominated by such owners, and among such firms we have family firms and entrepreneurial firms. These groups of owners may have objectives for their involvement and ownership in firms other than value creation through dividends or earnings. Their involvements may also be of a strategic nature and may also be related to value creation in other arenas.

The presentation of the various waves with different dominant actors has shown various external perspectives on board roles such as behavioural control, output control and decision control. This distinction among the various control roles is also found in Fama and Jensen's (1983) seminal contribution based on agency theory. Behavioural control has an internal focus, output control has an external focus and decision control has a strategic focus. The above presentation also shows how board roles and accountability, even within an agency theory framework, depend on the stakes and power of various actors.

Internal perspectives on accountability and board roles

Roberts, McNulty and Stiles are critical to the dominance of agency theory and external perspectives in the present corporate governance debate. Thus, they also present internal perspectives on accountability, and they argue that internal and external perspectives should be balanced. Stewardship theory is an alternative to agency theory, and it has gained a foothold among many management scholars (Davis, Schoorman and Donaldson, 1997; Stiles and Taylor, 2001). While agency theory builds on the assumption of managerial opportunism, which leads to the needs for boards being active in controlling and monitoring, stewardship theory assumes that managers in general should be considered as good stewards. Stewardship theory will promote board roles as collaboration and mentoring, and boards should thus also be active in the strategy formation and strategy implementation phases (Hillman and Dalziel, 2003; Shen, 2003). The collaboration and strategic participation role is also elaborated upon from social network theory (Alderfer, 1986; Gulati and Westphal, 1999) and institutional theory (Judge and Zeithaml, 1992).

Resource dependence theory was for many years a dominant approach in sociology, strategy and organization theory, used to motivate the existence of active boards (Pfeffer and Salancik, 1978). Resource dependence theory provides an external focus from an internal perspective. The board is viewed from a resource dependence perspective as an administrative body linking the corporation with its environment. The board is considered to be a boundary spanner that could help the corporation to acquire important resources from the environment, and thus reduce the corporation's dependence on external stakeholders or protect the corporation from external threats. More recently, resource dependence theory has been supplemented with contributions from social network theory (Carpenter and Westphal, 2001; Westphal, 1999). Important board roles from this perspective are those of networking, door-opening, legitimacy, and communication in internal relations. The internal part of the interlocking directorates literature also shows how boards facilitate inter-organizational coordination and exchange (Richardson, 1987).

The resource-based view of the firm is more internally focused than the resource dependence theory (Barney, 1991). Through a resource-based view of the firm, the board members are not only resources through their networks, but also through their competency. Board members will be evaluated based on their contribution to sustainable competitive advantage through their professional and personal qualifications. It may be argued that board members contribute resources that cannot be bought in the market or employed in the hierarchy (Williamson, 1985). An internal focus on firm resources will emphasize the boards' role in providing various kinds of advice to the management. Managerial hegemony theory shows that the main ordinary role of boards is to be a council and to provide advice to the management (Mace, 1971), and social network theory also shows how social network facilitates cohesion and exchange of information (Gulati and Westphal, 1999).

Balancing perspectives and focus

Board roles and theories from various accountability perspectives are summarized in Table 1.

Accountability and board roles depend on balancing various perspectives and focus. In this section we have shown how board roles may have internal, external and strategic focus, and also have a background in internal and external perspectives. Six distinct board roles are displayed in Table 1. These are behavioural control, output control, strategic control, advice/council, networking/legitimacy and strategic participation. Examples of studies using or arguing for the various roles are listed in the table. The various board roles relate to various theories used in the board role literature.

We have argued in the two previous sections that the context and the actors will direct the emphasis given to various focuses and perspectives. How different roles should be balanced is discussed in studies using various contingency perspectives, for example life cycle (Lynall, Golden and Hillman, 2003), CEO tenure (Shen, 2003), and the institutional embeddedness of corporate governance in various countries (Aguilera and Jackson, 2003). Other authors, such as Roberts, McNulty and Stiles (this issue) and Hillman and Dalziel (2003), discuss how the various roles should coexist in each firm.

Creating accountability – understanding actual board behaviour

Creating board effectiveness and accountability is to bridge the gap between the myths about board

Table 1. Accountability and board role expectations: References, main stakeholders, value creation and theoretical rationale

	Firm external perspective **Control roles**	Firm internal perspective **Service roles**
Internal focus	*Behavioural control* Hillman and Dalziel, 2003 Huse, 1998a Johnson *et al*., 1996 Shen, 2003 Long-term institutional investors Value creation in the firm through operational control Dividends Agency theory	*Advise and counsel* Daily *et al.*, 2003 Hillman and Dalziel, 2003 Huse, 1998a Mace, 1971 Westphal and Gulati, 1999 Corporate leadership Value creation through directors Resource-based view of the firm
External focus	*Output control* Halme and Huse, 1997 Kosnik, 1987, 1990 Short-term institutional investors and other external stakeholder Value creation for external stakeholders through markets and regulations Value distribution from the firm: Earnings, prices, CSR Agency theory and stakeholder theory	*Networking, lobbying, legitimating, communication* Borch and Huse, 1993 Daily *et al*., 2003 Hillman and Dalziel, 2003 Huse, 1998a Pfeffer, 1972, 1973 Westphal and Carpenter, 2001 Corporate leadership Value creation in the firm through external actors Resource dependence theory and social network theory
Strategic focus	*Strategic control* (Ratification and control) Andrews, 1981 Baysinger and Hoskisson, 1990 McNulty and Pettigrew, 1999 Zahra and Pearce, 1989 Majority shareholders and blockholders, corporate ownership and family firms Value creation through the firm Agency theory, legal view and property rights	*Strategic participation* (Initiation and implementation) Alderfer, 1986 Daily *et al*., 2003 Judge and Zeithaml, 1992 McNulty and Pettigrew, 1999 Shen, 2003 Corporate leadership Value creation through collaboration and mentorship in the board Stewardship theory

role expectations and the realities of actual board task performance (Forbes and Milliken, 1999; Mace, 1971). In order to create accountability, one would need to explore actual board behaviour and to open the black box of the boardroom. It is displayed in the framework that the board's decision-making culture, formal and informal structures and norms, and the interactions inside and outside the boardroom are important elements in creating accountability.

The board's decision-making culture

It is a major challenge in corporate governance research to explore how a board may be different from other small decision-making groups. This is addressed by Forbes and Milliken (1999), and they summarize various aspects of the board decision-making cultures. They suggest that lessons from psychology should be used to understand boards, and they use concepts like cognitive conflicts, cohesiveness, creativity, commitment, criticality, care, consensus and so on, to describe the boards' decision-making culture. According to Roberts, McNulty and Stiles, a positive boardroom climate or decision-making culture is what matters most for creating accountability. Roberts, McNulty and Stiles go beyond discussions about composition, independence and structure to create board accountability and effectiveness. In their characteristics they use words such as challenging, questioning,

Table 2. Board decision-making culture and board roles

	Behavioural control	Output control	Strategic control	Advise and counsel	Networking and lobbying	Strategic participation
Openness and generosity (cohesiveness)	+		+	+	+	
Preparedness and involvement (commitment)	+		+	+		
Creativity				+		+
Criticality	+	+				

probing, discussing, testing, informing, debating, encouraging and the like.

Using three sets of concepts related to boardroom culture, Roberts, McNulty and Stiles summarize some of the ways in which non-executive directors can contribute to the creation of accountability. These are: 'engaged but non-executive', 'challenging but supportive' and 'independent but involved'. They reflect concepts used in the ongoing discussions on boards and governance. Some theoretical and empirical contributions have been made on solving these paradoxes (e.g. Demb and Neubauer, 1992; Huse 1993a, 1994; Roberts and Stiles, 1999; Sundaramurthy and Lewis, 2003), but their academic content and their relationships are not clearly developed.

Four variables about the board's decision-making culture were found in a recent study of 490 Norwegian firms (Huse, 2004); openness and generosity, preparedness and involvement, creativity and criticality. The variables were extracted through a principal component analysis from notions and measures indicated in earlier literature. There were differences in how the board decision-making culture variables related to board roles. This is displayed in Table 2.

It was found that the openness and generosity variable was positively related to behavioural control, strategic control, advising and networking. The preparedness and involvement variable was positively related to behavioural control, strategic control and advising. Creativity was first of all positively related to advising and to strategic participation, and criticality was positively related to behavioural control and output control.

Interactions inside and outside the boardroom

Boards are not acting in a vacuum, and scholars like Pettigrew (1992) thus argue that studies of board roles should be integrated with studies of top management teams (e.g. Finkelstein, 1992; Hambrick and Mason, 1984; Shen and Cannella, 2002) and interlocking directorates and managerial élites (e.g. Davis and Thompson, 1994; Richardson, 1987; Useem, 1984). Board members are interacting with each other, and with various other actors such as the top-management team, influential shareholders and other important stakeholders. These interactions take place outside as well as inside the boardroom. The interactions are characterized by various types and degrees of trust and emotions (Brundin and Nordqvist, 2004; Huse, 1993a, 1998a, 1998b), stakeholder orientations (Boeker and Goodstein, 1991; Huse and Rindova, 2001; Mitchell, Agle and Wood, 1997), power (Mintzberg, 1983; Pearce and Zahra, 1991; Pettigrew and McNulty, 1995), form and frequency (Macus, 2002).

Studies about board interactions include responses to pressures, for example, through stock repurchasing plans (Kosnik, 1987), the symbolic management of stockholders (Westphal and Zajac, 1998), and the circumvention of stakeholders' control (Huse and Eide, 1996). Institutional theory has been used to explain responses to institutional pressure (DiMaggio and Powell, 1983; Meyer and Rowan, 1997; Oliver, 1991), and political and psychological perspectives, including social network theory, have been used to explain independence and the selection processes of directors (Westphal and Zajac, 1995; Zajac and Westphal, 1996).

Another body of interaction literature is about the political dynamics surrounding the formation of alliances and partnerships (Ocasio, 1994; Selznick, 1957), including how firm behaviour responds to the interest and belief of the dominant coalition of stakeholders (March, 1962). Recent works on micro strategizing also contribute to understanding the interactions inside and outside the boardroom (Johnson, Melin and Whittington, 2003).

Trust is an important notion used by Roberts, McNulty and Stiles, which needs further explorations. In some studies, I have distinguished between competence-based and integrity-based trust (Huse, 1996, 2001), while in other studies, I have contrasted trust concepts from relational contracts theory (Macneil, 1980) to agency theory predictions related to independence (Borch and Huse, 1993; Huse, 1993a, 1994). Concepts like distanced closeness and simultaneous independence and interdependence were used in these studies. Other scholars have used social or procedural justice theory to explain the interactions (Sapienza *et al*., 2000).

Formal and informal structures and norms

The Higgs Review (Higgs, 2003) and most of the recent work on reforming corporate governance contribute to developing and formalizing structures and norms. Formal and informal board structures and norms, also including board leadership, mediate the impact of the interactions and the board's decision-making culture, and they may moderate the dynamics among the various board members. The development of rules for the boardroom is often explained by imitative processes and institutional theory (Aguilera and Cuervo-Cazurra, 2004). However, even though boards adapt rules and structures as a response to demands from external actors, actual practices seem to be tailored to the needs and demands of internal actors (Westphal and Zajac, 1998).

Most research on board structures has been on CEO duality. Who should be the leader of the board? Roberts, McNulty and Stiles also emphasize the pivotal importance of board leadership, and they claim that the role of the chairperson is 'vital to the board members' engagement in various ways', and 'their own conduct does much to set the culture of the board'. Leadership and structure may influence the board decision-making culture. However, little research attention has been given to systematically exploring behavioural perspectives of board leadership.

Ocasio (1999) has explored the reliance on formal and informal rules in corporate governance. Most rules are informal. Various descriptions exist about informal rules and norms in the boardroom (Lorsch and McIver, 1989; Patton and Baker, 1987; Whisler, 1984). These descriptions have generally reflected managerial hegemony (Mace, 1971) and class hegemony (Useem, 1984) perspectives. The recent development of codes of best practices has lead to a formalization of rules and structures. Most of these codes represent investor perspectives, but we also see codes initiated from other external and internal actors. The empirical work of Roberts, McNulty and Stiles contributes to this discussion. The codes often include requirements about board evaluations, CEO working description, board instructions, board leadership and board committees.

Reliance on rules can be understood from strategic choice perspectives (Child, 1972) and from institutional theory (March and Olsen, 1976). Various efforts have been made to contrast these theories in research about boards of directors (Judge and Zeithaml, 1992; Ocasio, 1999); and Ocasio (1999) concludes that informal rules are more important than formal rules. How rules form decisions and actual board behaviour has partly been ignored in studies of boards and governance (Gabrielsson, 2003; Ocasio, 1999).

Beyond agency conceptions of the work of the non-executive directors: summary and methodological reflections

My response to Roberts, McNulty and Stiles is summarized in Table 1 with regard to accountability and in Figure 1 with regard to creating accountability. Accountability is about balancing various board role expectations. Creating accountability is about aligning actual board task performance to board role expectations. Creating accountability requires an understanding of behavioural perspectives on boards and governance. In this article I have presented a framework that presents and sorts concepts relating to actual board behaviour.

The framework presented has various contributions. First, it makes an attempt to integrate research on boards of directors. Recent board research has been fragmented and has used various theories without having an overall framework to relate to. In this article, I have related the fragmented development of board research during the last 15 years to the contribution of Zahra and Pearce (1989) and the call from Pettigrew (1992). Board role and board process research have been integrated. Second, Daily, Dalton and Cannella (2003) call for a reconceptualization of the board oversight role and an inclusion of alternative board roles. The contribution in this article to reconceptualizing board roles is to link the various board role notions used in the board literature to various perspectives and focuses. Third, the framework suggests a sorting of various concepts used in the literature with regard to creating accountability. Concepts about board processes and structures have, to a great degree, been anecdotal or borrowed directly from other disciplines. The framework refines concepts about board decision-making, interactions inside and outside the boardroom and board structures and norms. Fourth, the framework contributes to the understanding of the intervening processes that arise between board composition and financial performance. The notions of trust and emotions, which are among the most neglected parts in the current literature, are also included in the framework. Fifth, contextual and evolutionary approaches are employed and integrated. There is very little about learning in board research, and understanding learning in boards and governance may be a natural extension of the ongoing research on behavioural perspectives. Sixth, the contingency and evolutionary perspectives also have practical implications. They should remind corporate governance activists and designers that board roles and structures must be tailored to balance the contingencies facing each corporation. There is not one best way in corporate governance. This also implies that learning aspects, such as requirements about evaluations, transparency and introduction plans for new board members, should be emphasized in codes of best practices. Board memberships should be considered as learning journeys, and board members should plan to use more time to be a part of this journey. Seventh, a research agenda is provided. This agenda goes beyond the 'lamp' and 'hammer' syndromes that have dominated most of board and governance research in recent years.

Research methods implications

The framework contains a large research agenda with various research themes and research questions. There needs to be a way to explore and define concepts, as well as to cluster concepts, measure them and find relationships between them. The dynamism reflected in the arrows should also be explored. How should learning be modelled within board processes? Many of the research questions require data that are not easily available, and the use of venturesome or alternative research methods may be needed to collect and analyse such data.

Roberts, McNulty and Stiles contribute to answering some of the research questions. Their method was to collect experiences and opinions from various board members. The stories have shed light on actual board behaviour and on how to create accountability. The Roberts, McNulty and Stiles study stimulates methodological reflection. They employ a method close to those of Demb and Neubauer (1992), Lorsch and McIver (1989) and Mace (1971). These studies have all made considerable contributions as they give an insight and awareness of various aspects of actual board behaviour. The social constructions of the directors are the study objects, and the strengths of these studies are the topical relevance. However, the research methods in the above mentioned studies have been the subject of considerable criticism for lack of rigour.

'Board life stories' and interviews with directors may also be important in future research. I have found the 'board life stories of women' to be particularly valuable for exploring actual board behaviour (Huse, 1998b). However, also, regardless of methodological orientation, studies need to be done with great rigour. For studies of 'board-stories' we should apply the methodological rigour and interpretative tools developed for other studies interpreting social constructions and life stories. The Roberts, McNulty and Stiles study to a large degree presents various recommendations from directors, but there are also alternative ways to analyse this kind of data, for example, by language analyses (Pye, 2003) or discourse analyses (Parker, 1994).

Most survey studies of boards are also objects for severe criticism (Daily, Dalton and Cannella, 2003). The methodological challenges in survey studies of boards include the development of measurements based on accumulated knowledge, increases in response rates, the use of several respondents, the use of longitudinal data-sets and the use of samples other than large US corporations. Personally, I find the collection of responses from several respondents in each board as a particular fruitful direction for studies of actual board behaviour. Actual board behaviour is perceived differently by various groups of board members, for example, chairs, CEOs, union directors and women directors (Huse, 1993a; 1993b; 1993c).

Studies of processes may use various data collection and interpretation techniques. We have seen how various approaches are needed to meet the various research questions indicated in the framework, and many research questions cannot be met unless venturesome research designs are explored and rigorously developed. Such designs may go beyond the collection of stories of directors and survey research. The use of case studies may be needed to meet some research questions. Such studies may include direct observations as 'fly on the wall' studies (Huse and Schøning, 2004) or as 'one of the lads' studies (Huse, 1998a). Through our studies we have seen that process-oriented data are available. At times, we have heard comments that data may be available in Scandinavia and similar regions, and that it is more difficult in the United Kingdom or the USA. This may be the case, but we also have examples of how similar data have been collected in those countries (Leblanc and Schwartz, 2004).

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